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OFFICE OF PETITIONS

In re Patent No. 6,648,330 :
Issue Date: 11/18/2003 :
Application Number: 10/071,093 :
Filing Date: 02/11/2002 : ON PETITION
Attorney Docket Number: JJ-11 :
028US :

This is a decision on the petition filed on January 31, 2011, which is treated as a petition under 37 CFR 1.378(e) requesting reconsideration of a prior decision which refused to accept under 37 CFR 1.378(b)¹ the delayed payment of a maintenance fee for the above-referenced patent.

The request to accept the delayed payment of the maintenance fee is **DENIED**.²

BACKGROUND

The patent issued on November 18, 2003. The first maintenance fee could have been paid during the period from November 18, 2006, through May 18, 2007, or, with a surcharge, during the

¹ A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must include

(1) the required maintenance fee set forth in § 1.20(e) through (g);
(2) the surcharge set forth in § 1.20(I)(1); and
(3) a showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

² This decision may be regarded as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review. See MPEP 1002.02.

period from May 19 through November 18, 2007. Accordingly, the patent expired at midnight on November 18, 2007, for failure to timely pay the first maintenance fee.

On September 10, 2010, a petition under 37 CFR 1.378(b) was filed. On November 30, 2010, the petition was dismissed. On January 31, 2011, the present request for reconsideration under 37 CFR 1.378(e) was filed.

STATUTE AND REGULATION

35 U.S.C. § 41(c)(1) states that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section...after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable.

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

OPINION

The Director may accept late payment of the maintenance fee under 35 U.S.C. § 41(c) and 37 CFR 1.378(b) if the delay is shown to the satisfaction of the Director to have been "unavoidable."³

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 U.S.C. § 133 because 35 U.S.C. § 41(c)(1) uses the identical language, i.e.,

³35 U.S.C. § 41(c)(1).

"unavoidable" delay.⁴ Decisions reviving abandoned applications have adopted the reasonably prudent person standard in determining if the delay was unavoidable.⁵ In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account."⁶ Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay.⁷

As 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees.⁸ That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the second maintenance fee for this patent.⁹

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unavoidable.¹⁰ 35 U.S.C. § 133 does not require the Director to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing. Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable.¹¹

⁴ Ray v. Lehman, 55 F.3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995) (quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)).

⁵ Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887) (the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful man in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (Comm'r Pat. 1913).

⁶ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982).

⁷ Haines v. Quigg, 673 F. Supp. 314, 5 USPQ2d 1130 (N.D. Ind. 1987).

⁸ Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

⁹ Id.

¹⁰ See Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960).

¹¹ See Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991) (table), *cert. denied*, 502 U.S. 1075 (1992); Ray v. Lehman, *supra*.

There are three periods to be considered during the evaluation of a petition under 37 CFR 1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to § 1.378(b) to revive the application; and
- (3) The delay in filing a *grantable* petition pursuant to § 1.378(b) to revive the application.¹²

The petition lacks the requisite showing with regards to periods (1) and (2), above.

Petitioner, inventor Michael Porter, again asserts that the delay in the payment of the maintenance fee was unavoidable due to financial hardship.

In his declaration, petitioner states, in pertinent part:

1. In the decision the petition was dismissed as the Petitioner had not presented a sufficient showing of unavoidable delay resulting from financial hardship. In particular, it was requested that Petitioner provide verified copies of available documents or records covering the period from November 18, 2007, to the filing of a grantable petition.
2. Throughout the period from November 18, 2007 to present, Petitioner has had only one bank account, a savings account with the The Bank of Nova Scotia, at 110 Spadina Avenue, Toronto, Ontario, Canada, M5V 2K4. Petitioner had no other bank accounts and no credit card accounts. In addition, Petitioner had no other commercial credit arrangements, including bank loans. Petitioner has been unable to obtain bank loans or credit cards due to a poor credit rating.
3. Petitioner has attached printouts of the monthly activity on his savings account with The Bank of Nova Scotia, verified by the Bank of Nova Scotia covering the period of November, 2007 to December, 2010, as Exhibit "A". These statements show all activity of Petitioner's bank account over that period.

¹² See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131 at 53158 (October 10, 1997).

4. From the period of November, 2007 to the present time, Petitioner's major source of income was Income Support provided by the Ministry of Community and Social Services of the Government of Ontario through the Ontario Disability Support Program (O.D.S.P.). The O.D.S.P. Income Support Program helps people with disabilities who are in financial need pay for living expenses, like food and housing.

5. These O.D.S.P. payments were deposited directly into Petitioner's bank account on or about the last day of each month and are shown in the monthly activity printouts by the Transaction Description "ONT-O.D.S.P.". From November, 2007 to June, 2008, the payment was \$1054 Canadian Dollars (CAD) monthly. From July, 2008 to October, 2008 the amount was \$1009 CAD monthly. From November, 2008 to October, 2010, the amount was between \$1021 and \$1097 CAD monthly. Since November, 2010, the amount has been \$1108 CAD monthly.

6. Petitioner's only other regular source of income has been Federal sales tax credits provided on a quarterly basis. These sales tax credits have been between \$82.16 CAD and \$84.04 CAD quarterly over the relevant period.

7. Petitioner's monthly rent, including utilities was \$450 CAD per month from November, 2007 to November, 2009 which left less than \$700 CAD per month available for other living expenses, including food, transportation and clothing.

8. Since August, 2009, Petitioner's mother, Thelma Fargher of Victoria, B.C. has been providing \$200 CAD monthly to help offset Petitioner's living expenses. Since March, 2010, Petitioner's sister, Anne Fargher of Toronto, Ontario has also been providing \$250 CAD monthly to help offset living expenses.

9. In November, 2009, Petitioner was forced to relocate his lodging. Since November, 2009 Petitioner has been paying \$700 CAD per month for rent, including utilities. With the additional funds provided by Petitioner's mother and sister, Petitioner now has approximately \$800 CAD per month to cover these other living expenses.

10. From the period November 2007 to July 2009, Petitioner's annual income was approximately \$13,500

CAD. With the additional funds from Petitioner's mother and sister Petitioner's annual income is now approximately \$18,600. As shown in Exhibit "B", according to Statistics Canada, the low income cut-off or poverty level in Toronto, an urban area of over 500,000 was \$18,421 CAD in 2009 for a single person.

In support, petitioner has provided printouts of his bank statements, covering the period from October 1, 2007, through November 30, 2010.

In the decision mailed on November 30, 2010, petitioner was advised to include an exhaustive attempt to provide the information required, since, after a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director. Petitioner was informed that a showing of unavoidable delay based upon financial condition must establish that the financial condition of the responsible party during the entire period of the delay was such as to excuse the delay.¹³ A complete showing is required of petitioners', or the party responsible for payment of the maintenance fee's, financial condition including all income, expense, assets, credit, and obligations which made the delay from the date the maintenance fee was due until the filing of a grantable petition.

The showing of record, however, does not include such a complete and detailed explanation of petitioner's expenses and assets as is required to establish that the entire delay was unavoidable. At the outset, while petitioner has provided the above-referenced bank statements, an explanation of his rent and utilities, and states that he had no other sources of credit, petitioner has not explained what other expenses he had. Further, petitioner has not explained what asserts, if any, he had that could have been used as collateral or sold to pay the maintenance fee.

Therefore, in accordance with the record as established by petitioner, the only asset that petitioner had was the bank account. Petitioner has failed to establish that the entire delay, from the date the maintenance fee was due until the date the initial petition was filed, was unavoidable. Specifically, it is noted that petitioner has provided copies of his bank statements covering the period from October 26, 2007, through December 24, 2010.

¹³ See Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (1891).

The following statement dates and ending balance amounts are noted:

Statement Date	Ending Balance Amount
October 31, 2007	\$708.38
February 29, 2008	\$1,308.52
March 31, 2008	\$1,039.96
April 30, 2008	\$1,051.00
May 31, 2008	\$1,306.36
July 31, 2008	\$716.55
September 30, 2008	\$1,003.27
January 31, 2009	\$763.25
February 28, 2009	\$733.26
March 31, 2009	\$827.96
April 30, 2009	\$811.26
June 30, 2009	\$791.22
October 31, 2009	\$953.92
April 30, 2010	\$2,836.26

As such, the showing of record is that, at least on the above-referenced dates, petitioner had sufficient funds in his bank account to pay the maintenance fee (\$465.00 USD if paid prior to October 2, 2008, \$490.00 USD if paid on or after October 2, 2008). Additionally, petitioner has not shown that the unavoidable surcharge of \$700.00 USD could not have been paid during this time.

According to the record, rather than "unavoidably" preventing petitioner from maintaining this patent in force, or more timely seeking reinstatement, the financial records by themselves show that petitioner made the business decision to subordinate more timely action in this patent to other financial and business interests, which mitigates away from a finding of unavoidable delay. Petitioner, by a deliberately chosen course of action, subordinated the above-identified patent to other matters and thus intentionally delayed seeking the maintenance or reinstatement of the above-identified patent. This does not represent the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business.¹⁴ Rather, a delay based upon deliberate business decisions, actions or inactions, which led to a purposeful failure to timely prosecute, is not unavoidable

¹⁴ See Smith v. Diamond, 209 USPQ 1091, 1093 (D.D.C. 1981).

delay.¹⁵ There is no "sliding scale" based upon the priority given to this patent *vis-a-vis* other financial obligations by petitioner. The issue is solely whether the maintenance, or reinstatement, of the patent at issue was actually conducted with the care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business. Based upon the financial analysis above, the above-identified patent was not considered by petitioner as his most important business until October 9, 2010. Consequently, the prosecution (*i.e.*, maintenance and reinstatement) of the above-identified patent was conducted with significantly less care or diligence that is generally used and observed by prudent and careful persons in relation to their most important business between at least November 18, 2007, and October 9, 2010.

Furthermore, looking at a totality of the record, petitioner has not demonstrated that a financial hardship was the cause of the delay and not a failure in communication between petitioner and his attorney. As stated by petitioner, in the petition filed September 10, 2010:

Subsequent to that meeting, Petitioner moved from the Brunswick Street address and further correspondence from Mr. Jeffrey was returned. A copy of this correspondence and return envelope is attached. As Petitioner did not have any telephone service at that time or subsequent, Mr. Jeffrey was unable to correspond further with Petitioner.

A failure in communication between an attorney and client is not unavoidable delay.¹⁶

In summary, the showing of record is inadequate to establish unavoidable delay. Rather, than unavoidable delay, the showing of record is that petitioner decided that the timely payment of the maintenance fee in this patent was not among petitioner's most important business. Rather, paying the maintenance fee for this patent was less important than other activities, and petitioner failed to take adequate precautions to ensure that maintenance fees were timely paid. As petitioner has not shown that he exercised the standard of care observed by a prudent and

¹⁵ See, Winkler v. Ladd, 221 F.Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963) (bankruptcy trustee's business decision to forego incurring further prosecution expenses and to permit abandonment is binding and not unavoidable delay, when revival subsequently sought).

¹⁶ In re Kim, 12 USPQ2d 1595 (Comm'r Pat. 1988).

careful person in the conduct of his or her most important business, the petition is dismissed.¹⁷

CONCLUSION

The prior decision which refused to accept under § 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the above stated reasons, the delay in this case cannot be regarded as unavoidable within the meaning of 35 U.S.C. § 41(c)(1) and 37 CFR 1.378(b).

The petition under 37 CFR 1.378(e) is **DENIED**. As stated in 37 CFR 1.378(e), no further reconsideration or review of the decision refusing to accept the delayed payment of the maintenance fee under § 1.378(b) will be undertaken. This decision may be regarded as a final agency action within the meaning of 5 U.S.C. § 704 for purposes of seeking judicial review.¹⁸

Since this patent will not be reinstated, the maintenance fee and surcharge fee, less the \$400.00 fee for the present request for reconsideration, will be credited to counsel's deposit account.

As stated in 37 CFR 1.378(e), no further reconsideration or review of this matter will be undertaken.

Telephone inquiries should be directed to Senior Petitions Attorney Douglas I. Wood at 571-272-3231.



Anthony Knight
Director
Office of Petitions

¹⁷ See note 6, supra.

¹⁸ See MPEP 1001.02.